

HP

OCTOBER 1974 / 95 cents

# Challenge



## TABLE OF CONTENTS

Volume V, Number 10 / October 1974

- 2 Listening Helps
- 5 Federal Crime Insurance Program
- 10 Forum One: Decent Housing In Town
- 12 Purchaser Should Read This Document. . .
- 18 Gardening, Anyone?
- 20 A Second Generation of Condominium Statutes
- 24 A Smorgasbord of Consumer Publications
- 26 Of Land, Leisure & Energy
- 31 Vocational Training Students Rehabilitate Housing

## DEPARTMENTS

- 1 Looking Ahead
- 9 In Print
- 17 Notebook

# HUD Challenge

U.S. Department of Housing and Urban Development

James T. Lynn, Secretary  
William I. Greener, Jr., Assistant to the  
Secretary for Public Affairs

Evon H. Ervin, Editor  
Anya F. Smith, Associate Editor  
Carol Cameron, Art Director  
Wayne Eddins, Assistant Art Director  
Agnes Proctor, Production Assistant

Advisory Board: Fred W. Adams, Robert Blair,  
Burton Bloomburg, Roy Gast, Kenneth Holbert,  
Roosevelt Jones, Harold Keith, Morton Leeds,  
Norman L. Linton, Lawrence Rubenstein,  
Ronald Weber

*HUD Challenge*, The official Departmental magazine, is published monthly by the U.S. Department of Housing and Urban Development. Use of funds for printing was approved by the Office of Management and Budget, August 28, 1973. *HUD Challenge* serves as a forum for the exchange of ideas and innovations between HUD staff throughout the country, HUD-related agencies, institutions, businesses, and the concerned public. As a tool of management, the magazine provides a medium for discussing official HUD policies, programs, projects, and new directions. *HUD Challenge* seeks to stimulate nationwide thought and action toward solving the Nation's housing and urban problems. Material published may be reprinted provided credit is given to *HUD Challenge*. Subscription rates are \$10.85 yearly domestic, and \$13.60 for foreign addresses. Paid subscription inquiries should be directed to: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Manuscripts concerning housing and urban development are welcome. Send all editorial matter to: Editor, *HUD Challenge*, Room 4278 Department of Housing and Urban Development, Washington, D.C. 20410.

Statements made by authors do not necessarily reflect the views of the Department.

## IN THIS ISSUE:



PAGE 2



PAGE 10



PAGE 12



PAGE 20

**PAGE 2:** The Housing Listening Post operating out of surplus space in an Edmonds, Wash., elementary school has proven in its 16 months of existence that to consumer questions on housing there is always an answer to be found or an agency to which questions can be referred.

**PAGE 10:** Forum One—an assembly convened by the Federal National Mortgage Association—proposed measures to be faced by the Nation's financial institutions and by the general public to make available decent housing within the inner-city.

**PAGE 12:** Now in its fifth year, HUD's Office of Interstate Land Sales Registration (OILSR) is intensifying efforts to use Federal disclosure requirements for consumer protection from unscrupulous practices of certain land developers.

**PAGE 20:** Addressing a wide range of problems inherent in condominium development and purchase, Virginia's new Condominium Act promises not to be ignored by drafters of future condominium legislation.

## NEXT MONTH:

Selected articles and an examination of the Housing and Community Development Act of 1974, recently signed into law by the President.

COVER: Consumer concerns about housing and related issues find expression in Wayne Eddins' drawing.

---

# looking ahead

---

## **Recreation and Open Space Needs**

There is need to plan and provide more recreation and open space facilities accessible to central city dwellers, according to findings of a task force composed of representatives of HUD, Departments of Agriculture, Defense, Health, Education and Welfare, Interior, Labor, Transportation, and the Office of Economic Opportunity. The task force notes that while improvements have been made in meeting public recreation needs of central cities, efforts are insignificant compared with need. Moreover, where recreational facilities do exist in urban areas, they lack adequate operating and maintenance funds. With major investments in recreation land being made far beyond the reach of city dwellers, accessibility is the major problem, particularly for persons without automobiles and without access to public transportation. The task force urges that community planning, development, and redevelopment take account of the need for expanding recreational opportunities in urban areas.

## **Neighborhood Stabilization**

Whether a neighborhood's racial and economic mix can be stabilized and its housing deterioration reversed will be tested in a demonstration program financed by HUD's Office of Equal Opportunity and undertaken by the nonprofit Community Maintenance and Management Corporation whose board includes residents of a three-block area in the Hamilton Heights section of New York City's Manhattan Borough. All elements of the community have agreed to cooperate in the demonstration, including the Borough of Manhattan itself, which will use its resources to increase public safety, upgrade sanitation, and improve municipal services to the target area. A report on the demonstration's findings, expected at the end of the 18-month contract, will analyze and evaluate the impact and effectiveness of the overall stabilization program.

## **Planning for Elderly Needs**

Community planners can gain insight on how to meet the needs of elderly people from a 66-page report that identifies the characteristics of the elderly population and summarizes current knowledge of their biological, psychological, and social capacities. A basic premise of the report, entitled *Community Planning for the Elderly*, is that the elderly are not all alike, but differ among themselves even more than do younger people. Thus the task for community planners is to provide a variety of community settings to match the needs, capacities, and desires of a varied older population. The report is on sale

for \$3.75 in paper or \$1.45 in microfiche from the U.S. Dept. of Commerce, Springfield, Va. 22151.

## **Filling Abandoned Mines**

A new closed-system hydraulic technique that involves high-velocity pumping of crushed solid materials and water into mine cavities has been successfully demonstrated in Rock Springs, Wyo., a community built over abandoned coal mines. The technique allows transporting fill material radially for distances of 500 to 1,500 feet. This means it can be applied to flooded mines and to mines where drilling access to underground cavities from directly above is impossible because of buildings, underground utilities and other improvements. The development of this technique is considered of key importance to urban areas in which it has been estimated over 158,000 acres have experienced subsidence that caused homes, utilities and pavements to crack and cave in. The Rock Springs demonstration of the new subsidence control technique was assisted by HUD's Office of Policy Development and Research and the Department of Interior's Bureau of Mines. The technique itself was developed by the Dowell Company of Tulsa, Okla. A report on the Rock Springs demonstration that provides guidelines for community planners and officials facing subsidence problems can be obtained from the Department of Planning, Engineering and Community Development, 444 N Street, Rock Springs, Wyo.

## **Combating Redlining**

Residents of declining neighborhoods are themselves launching campaigns to develop the means for financing construction and rehabilitation of housing in their inner-city areas. In Milwaukee, *TIME* magazine reports, some 90 neighborhood clubs, schools, and religious organizations have formed the West Side Action Coalition, solicited pledges for \$1.25 million, then offered to deposit the money in two friendly savings and loan companies that promised to provide mortgages to West Side borrowers. In Minneapolis-St. Paul, the Midwest Federal Savings & Loan Association responded to similar appeals by agreeing to increase its central city loans from \$19 to \$85 million this year. In Boston, citizen groups and local banks have formed Neighborhood Housing Services, Inc., to secure loans for rehabilitating houses in sections of Dorchester and Roxbury. In Chicago, the South Shore National Bank has announced plans for a development corporation to help save the decaying South Shore. Local and State officials are lending support to these self-help efforts to combat redlining.

# Listening Helps

By Merrill Ash

"People have so many problems and they just don't know where to turn. So often they can't reach anyone in authority who has the time—or inclination—to answer their questions." Ruth Finucan, Housing Listening Post volunteer, was speaking.

Unique to the Nation, the Housing Listening Post, operating out of surplus space in an Edmonds, Washington, elementary school building, has inspired 50 volunteers to listen, to counsel, to refer to the proper authority, to persuade that authority to respond.

As the name indicates, its prime responsibility is in the area of housing, to aid in solving housing problems presented by anyone with access to a telephone in the State of Washington. A toll-free telephone call connects the person who has the problem with a trained, sympathetic volunteer whose first desire—and responsibility—is to listen and to give help. Judging by the results compiled so far, help is usually possible.

The Housing Listening Post is the outgrowth of a plea from the Housing Management branch of the HUD Seattle Area Office to Nell Jones, at that time Voluntary Action Program Officer for the Seattle Regional Office. The plea was for help in taking care of a flood of telephone calls from the public attempting to find answers to a multitude of housing problems. Mrs. Jones, who had ac-

cumulated several years of experience in volunteer work and who had unlimited faith in the ability of volunteers to perform, took over the task. Her first proposal was for a Listening Post of limited capacity, covering only one county. For a variety of technical and financial reasons that concept was proved impossible. A part-time student at Seattle University at the time, Mrs. Jones then wrote the proposal for what eventually became the present statewide Listening Post while working to obtain her Masters Degree in Business Administration. Funding was available for the expanded concept through HUD's Office of Policy Development

and Research. Opening to serve two counties on June 6, 1973, the Listening Post, in September of the same year, went statewide with a toll-free telephone service. Attracting a great deal of media publicity, due to its unique goals and methods, it has become widely known to the general public and equally well known and respected by social agencies, both private and public, and the governmental departments at all levels with which it works. Mrs. Jones is now Listening Post Deputy Director.

The Office of Volunteer Programs within the State's Office of Community Development is the research





**OPPOSITE**—Former elementary school teacher, Mrs. Katherine Johnson, is Listening Post volunteer.

**BELOW**—Listening Post Director, Gerald Huard, on IPA from HUD Central Office, chats with Mrs. Jan Quinby, on IPA from HUD's Seattle Area Office, and Mrs. Nell Jones, on IPA from HUD's Seattle Regional Office.



contractor. The contract is for two years, \$229,000 cost reimbursable with no State funding. Studies are underway at present to determine the feasibility of expanding the service to the States of Idaho and Oregon.

#### **Experiment in Volunteerism**

In cold, practical language, the program is described as "an experiment

to test volunteer activity in assisting callers with housing-related problems." To the volunteers who answer the telephones, however, their work demonstrates to troubled people that "somewhere, somebody cares." And, to many of the callers, the knowledge that "somebody cares" comes as a major surprise. However, just caring about the problems of others is not

enough. A real and sincere effort must be made to give help.

In April 1973, the staff consisted of three Federal employees on inter-governmental personnel detail to the State of Washington from HUD. During this formative period Mrs. Jones worked closely with Graham Johnson, Coordinator of Volunteer Programs for the State of Washington, to develop a management information system. It now is being implemented by volunteers who are mostly from the Retired Senior Volunteer Program and the ACTION Cooperative Volunteer Program. The volunteers are intensively trained through a five-week training course conducted at the Listening Post, in matters relating to housing problems. They are fully cognizant of all Federal program eligibility requirements and are fully versed in matters dealing with landlord/tenant relations. Trainees are under no obligation to continue with the center after training, unless they still feel they wish to do so.

Listening Post Director, Gerald Huard, on Inter-Governmental Personnel Assignment from HUD Central Office, explains: "The Housing Listening Post is building creative partnerships with other organizations which are engaged in the delivery of housing and social services needed by persons who have housing problems. We are asking organizations, national, private and volunteer, to cooperate



Mrs. Ruth Finucan is Action Cooperative Volunteer at the Listening Post.

with us in this effort in order that we may, through cooperative programs, meet the needs of individual problems.

"The principal difference between the Housing Listening Post and other information and referral services or government information service, is that the volunteers are people who will listen and will spend the necessary time it takes to determine what a person's problem is and work with that person in finding solutions."

#### Large Volume of Calls

At the present time the Housing Listening Post is averaging from 1,000 to 1,500 calls per month. Many of these calls would have been made to the Seattle Area Office of HUD and, in fact, at one time the Office was besieged with such calls to the extent that attempting to find answers was seriously interfering with its normal operation.

Through March of this year the number of volunteer hours utilized by the center totalled 18,487, estimated to be worth almost \$76,000. Through May of this year 7,500 persons had called the Listening Post, all with problems in need of solutions. With the passage of a new Landlord/Tenant Act by the Washington Legislature about 50 percent of the problems reported deal with implementation of that Act. Questions deal with tenants' efforts to have damage deposits returned; how to get utilities restored when turned off, often through no fault of their own; and many of the more technical aspects of the Act. Landlords also take advantage of the expertise available at

the Listening Post, particularly when the difficult problem of how to evict an undesirable tenant arises. Questions on the Landlord/Tenant Act frequently are answerable through reference to a carefully indexed booklet of citations and definitions. The booklet was prepared by counsel to the Listening Post, a member of "Lawyers for Housing." Other questions must be referred to Legal Aid organizations or to Small Claims Court. However, whatever the question, there is an answer to be found or an agency, organization or governmental department to which it can be referred. The Listening Post then activates a follow-up plan to ensure that action is taken and the question doesn't become lost in a morass of detail.

Why do people—of all ages—volunteer for a service which entails the rather onerous chore of listening to

other people's problems, hour by hour and day by day?

Ruth Finucan, formerly a school teacher and now an ACTION Cooperative Volunteer puts it this way: "It's good for us and we hope it's good for other people. Also, no place else can one learn to know so many really nice people as in volunteer work. This is not 'busy work'; it is a service of real value to a great many people."

Others stress that it is an opportunity to use knowledge or skills once learned and no longer of monetary value to the possessor but which can again be put to good use helping others.

Not all the volunteers are elderly. At the Housing Listening Post the ages range from 15 to 75 years. Both men and women answer the telephones and all have one thing in common, a sincere desire to listen, to be of help, to pass along to someone the knowledge that "here, somebody cares"—and cares enough to do more than just listen, but to work and plan until the problem is in some way satisfactorily resolved or until it is certain there is no resolution.

As one volunteer put it, "We do accomplish a lot that can be seen and evaluated but, remember also, sometimes just caring and listening helps."



—Merrill Ash  
Public Affairs Officer  
HUD's Seattle Regional Office

#### HUD Intergovernment Personnel Assignment Scorecard

HUD leads all Federal agencies in the number of employees serving on intergovernment personnel detail, with 113 employees on assignment serving at various levels of government.

Of the 64 HUD employees on assignment to cities, 23 percent are serving in general local governmental positions as budget officers, city engineers, grant coordinators, and city managers. 21 percent are in occupations related to housing development and management, and 56 percent are engaged in community development and planning activities.

There are 34 HUD employees assigned to State agencies, of which 60 percent are serving as policy analysts, sanitary engineers and program evaluation officers. Eighteen percent are in housing related positions and 22 percent are in community development and planning positions.

Seven HUD employees are assigned to county governments, seven to universities, and three to councils of government.

Four IPA persons are assigned to HUD: three from universities and one from a city.

# FEDERAL CRIME INSURANCE PROGRAM

By James M. Rose, Jr.

For many residents of urban areas the advantages of city living have been blemished by the high incidence of crimes such as burglary and robbery. The fear of holdups, which threaten not only property but life itself, makes some citizens reluctant to leave the comparative safety of their homes and apartments. And even these homes and apartments are vulnerable to burglars who in the course of a few minutes take possessions acquired by families through a lifetime of labor and thrift. Boarded up store windows along many streets are mute evidence of the toll which crime losses have taken of the thriving neighborhood shops so essential to all communities. While crime is not unique to cities and, in fact, has spread to the suburbs as well, the city dweller is particularly exposed to crime.

Fortunately, city administrators are devoting greater attention to security. City police departments are emphasizing more effective use of manpower to apprehend criminals and, even more important, are stressing crime prevention activities. Police departments are helping citizens make their apartments, homes, and places of business less vulnerable to burglary. Of long-range importance, government is trying to identify and cope with some of the underlying causes of crime and social disorder.

## HUD Authority

Recognizing this problem, Congress authorized HUD to make Federal crime insurance available on and after August 1, 1971, in those States where a critical problem of availability or affordability of crime insurance exists and where the States have taken no action to remedy the situation. The Federal program is administered in HUD by the Federal Insurance Administration and is now available in the States of Connecticut, Delaware, Florida, Illinois, Kansas, Maryland, Massachusetts, Missouri, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, and the District of Columbia. The Federal Insurance Administrator conducts a continuing nationwide review of the market availability and if he finds a critical problem in additional States which is not being resolved at the State level, he will designate such additional States as eligible for the purchase of Federal crime insurance.

This significant program, which requires applicants for crime insurance to meet certain basic protective device requirements, combines insurance protection with an upgrading of physical security designed to make insured premises less vulnerable to crime. For those who take all reasonable steps to protect their property, the Federal Crime Insurance Program enables residential and commercial victims of burglary and robbery crimes anywhere in an eligible State to recover some of their monetary losses through the purchase of Federal burglary and robbery insurance policies. Over 20,000 citizens have already

purchased these policies, but such a small number scarcely reflects the dimension of the crime problem. Unfortunately, most people appear to be unaware of the existence of the Federal Crime Insurance Program.

## Coverage and Purchase

Residential policies are available in amounts from \$1,000 to \$10,000 and in a single policy provide coverage against burglary and robbery losses. Commercial policies are available for businesses in amounts from \$1,000 to \$15,000 and provide coverage against burglary, safe burglary and/or robbery losses.

More specifically the policies cover:

- Burglary and larceny incident thereto, which means the stealing of property from within a premises which has been forcibly entered by means which leave physical marks of such forcible entry at the place of entry.

- Robbery, which means the stealing of personal property from the insured in his presence and with his knowledge both inside the premises and outside the premises. The term robbery includes observed theft.

- Damage to the premises committed during the course of a burglary or robbery, or attempted burglary or robbery.

- In the case of the residential insurance policy, the burglary of an enclosed locked storage compartment of an automobile, i.e., the trunk compartment.

- In the case of commercial insurance against burglary, the theft from a night depository and burglary of a safe, subject to a \$5,000 limit on claims with respect to safes of less than insurance Class E quality.

The Federal crime insurance policies do not cover mere disappearance of property. In case of burglary there must be signs of an entry by force, evidenced by visible marks upon, or physical damage to, the exterior of the premises at the place of such entry.

Federal crime insurance policies can be purchased through any licensed insurance agent or broker in the State in the same way as fire or automobile insurance policies, and commissions are payable to agents and brokers who sell the policies. To facilitate the operation of the program, the Federal Insurance Administration has selected a servicing company in each State through competitive bidding. The servicing company furnishes information on the program and policies may also be purchased from its offices. The Federal Insurance Administration or the local office of the Department of Housing and Urban Development can furnish the names of the current servicing companies for each State.

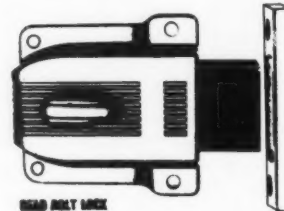
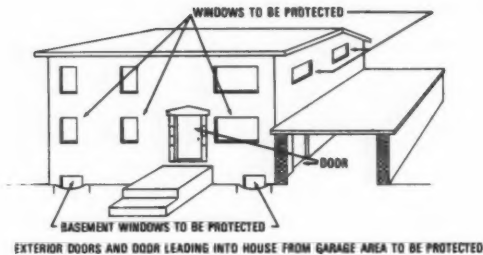
## Affordable Rates

Rates for Federal crime insurance are required by statute to be reasonable. Furthermore, they are establish-

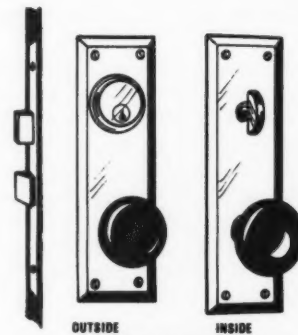
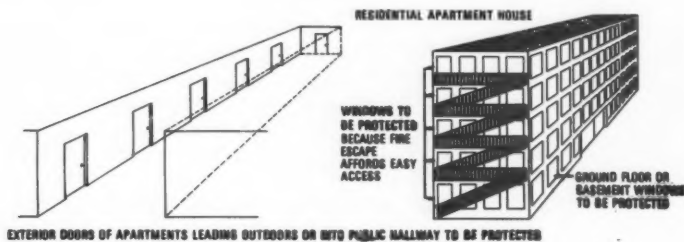
# Federal Crime Insurance Program

## RESIDENTIAL PROTECTIVE DEVICE REQUIREMENTS

(EXAMPLES OF ACCESSIBLE OPENINGS AND LOCKING DEVICES REFERRED TO IN THE PROTECTIVE DEVICE REQUIREMENTS)

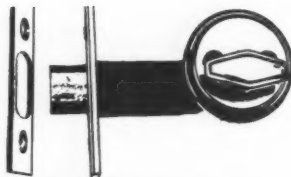


DEAD BOLT LOCK

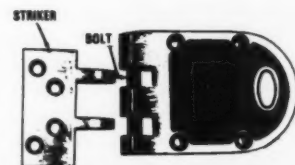
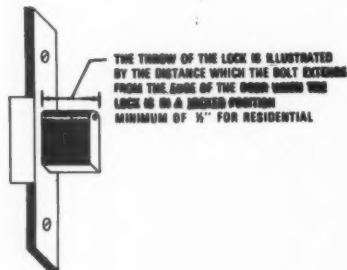


OUTSIDE INSIDE

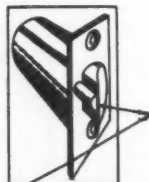
MORTISE DEAD BOLT LOCK  
(Recessed into the edge of the door instead of the side)



SINGLE CYLINDER DEAD BOLT LOCK, OPERATED BY KEY OUTSIDE AND KNOB INSIDE



DEAD BOLT LOCK UTILIZING INTERLOCKING VERTICAL BOLTS AND STRIKERS

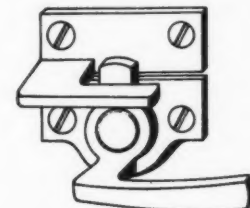


SELF LOCKING DEAD LATCH

NOTES THAT THE SMALL PIN AT THE LEFT SIDE OF THE SPRING LATCH RENDER THE LATCH IMMOBILE WHEN THE LOCK IS IN THE LOCKED POSITION



"CLAM SHELL" LOCK



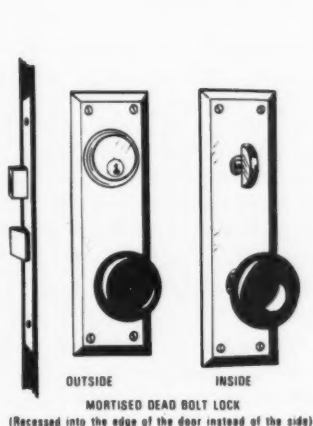
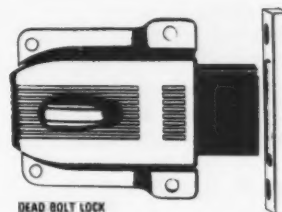
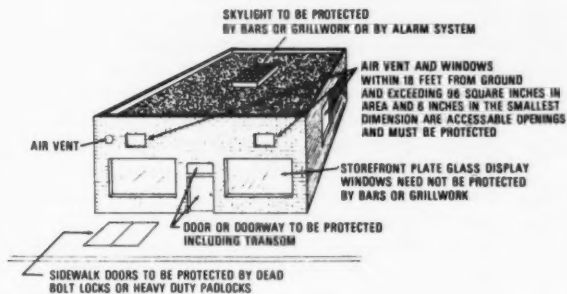
MINIMAL TYPE WINDOW LOCKS



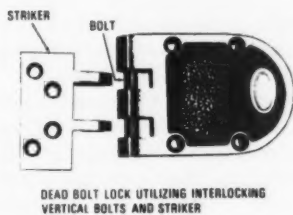
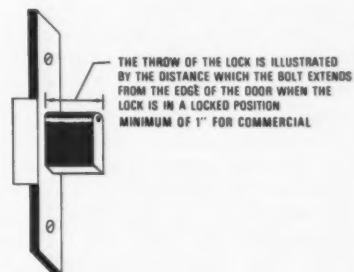
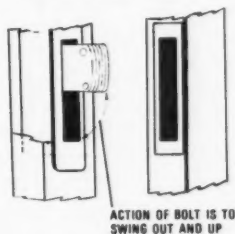
## Federal Crime Insurance Program

### COMMERCIAL PROTECTIVE DEVICE REQUIREMENTS

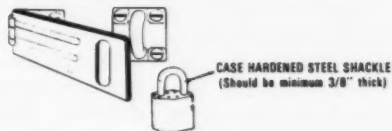
(EXAMPLES OF ACCESSIBLE OPENINGS AND LOCKING DEVICES REFERRED TO IN THE PROTECTIVE DEVICE REQUIREMENTS)



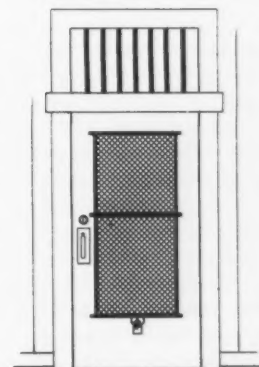
DEAD BOLT LOCK FOR NARROW FRAME DOORS



A HEAVY DUTY PADLOCK (3/8" Case hardened steel shackle) FIVE PIN TUMBLER OPERATION  
THE STEEL BAR AND STAPLE OF THE HASP SHOULD BE CASE HARDENED AS IS THE PADLOCK SHACKLE. RECESSED SCREWS SHOULD BE CONCEALED WHEN THE HASP IS CLOSED.



EXAMPLE OF BARS AND GRILLWORK



ed on a metropolitan-wide basis so that residents and business, annual gross receipts, and options of insurance than those in the suburbs. The annual rates in most metropolitan areas for residential policies are as follows:

\$1,000 of coverage .....	\$30
3,000 of coverage .....	\$40
5,000 of coverage .....	\$50
7,000 of coverage .....	\$60
10,000 of coverage .....	\$70

Commercial rates vary depending upon the type of business, annual gross receipts, and options of insurance applied for. Only a half of the annual premium is payable with the application. Policy holders are billed every six months.

In most metropolitan areas, a grocery store or a drug store having gross receipts of under \$100,000 would pay annual rates as follows:

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
\$1,000	\$100	\$60	\$50
5,000	400	240	200
10,000	550	330	275
15,000	575	345	288

**Option 4** (varied amounts of both coverages): Assuming a selection of \$1,000 robbery and \$5,000 burglary, the premium would be \$60 plus \$200 or \$260.

The same store having gross receipts of between \$100,000 and \$299,999 would pay annual rates as follows:

Amount of coverage	Burglary and robbery in equal amounts (Option 1)	Robbery only (Option 2)	Burglary only (Option 3)
\$1,000	\$150	\$90	\$75
5,000	600	360	300
10,000	825	495	413
15,000	863	518	432

**Option 4** (varied amounts of both coverages): Assuming a selection of \$1,000 robbery and \$10,000 burglary, the premium would be \$90 plus \$413 or \$503.

Policies cannot be cancelled because of losses. Claims may be reported to the agent or broker from whom the policy was purchased or directly to the servicing company. All claims under the residential policy are subject to a deductible of \$50 or 5 percent of the gross amount of the claim, whichever is greater. All personal property including jewelry is covered under the residential policy, but there is no coverage for loss of money in excess of \$100. The commercial deductibles range from \$50 to

\$200 or 5 percent of the gross amount of the claim, whichever is greater, depending upon the annual gross receipts of the insured.

#### Minimum Protection Standards

To help insureds reduce their vulnerability to crime, the program has minimum protective device standards which must be complied with as a condition of eligibility for insurance and payment of claims. The residential requirements printed on the residential application form are self-explanatory, but to help businessmen understand the more complex requirements in the commercial application, a new inspection procedure enables them to confirm that their stores meet the requirements. Commercial burglary requirements provide that doorways or doors and accessible openings meet the program's standards of protection during nonbusiness hours. An alarm system is required for some businesses exposed to a particularly high degree of risk. There are no protective device requirements in the case of commercial policies which insure against robbery losses only.

In order for a residential property to be eligible for Federal crime insurance, its exterior doors, other than sliding doors, must be equipped with either a dead bolt, or a self-locking dead latch. The self-locking dead latch should be used in conjunction with a dead bolt for if used alone it provides only minimal protection. Dead bolts or self-locking dead latches must have a throw of at least one-half inch or be equipped with interlocking bolts and striker. (The term "dead bolt" refers to the fact that the bolt cannot be made to retract except by turning a knob or key. The term "throw" refers to the distance which the bolt or latch protrudes from the body of the lock when the bolt or latch is in a locked position.)

All sliding doors and windows opening onto stairways, porches, platforms or other areas affording easy access to the residential premises must also be equipped with some type of locking device.

These are, of course, minimum requirements and are not intended to discourage the use of even more effective locks, such as a one inch throw bolt on doors (which is required under the protective device requirements pertaining to commercial premises) and a bolt-operated lock on windows. These security devices meet the Federal Crime Insurance protective device standards and we urge citizens to seek the advice now available from many police departments.

By participating in the Federal Crime Insurance Program, urban residents can help themselves reduce the threat of crime losses and enjoy the knowledge that the insurance coverage means that they need not suffer the economic losses of crime single-handed. Through the combined efforts of citizens and government, both Federal and local, our cities can be made more secure and can maintain themselves as centers of dynamic life.

*Mr. Rose is Assistant Administrator for Crime Insurance in the Federal Insurance Administration.*

*Mortgage on America*, by Leonard Downie, Jr. Praeger Publishers, New York, 1974. 243p. Index. \$7.95.

A newspaperman's expose of the seamy side of the real estate industry. Subtitled *The Real Cost of Real Estate Speculation*, the book presents a "no-holds-barred examination of the way the real estate industry works;" it castigates exploitation of neighborhoods by blockbusters and slumlords and indicts politicians, bankers, realtors, conglomerates—in fact the entire complex of participants in homebuilding—including HUD and its component agencies.

*Unreal Estate: The Lowdown on Land Hustling*, by Anthony Wolff. Sierra Club, San Francisco, Cal., 1973. 290p. Index. \$7.95.

A former editor of Look magazine and conservation editor of American Heritage reports the "modus operandi" of the subdivision hustlers, and traces the effects of their operations on the Nation's citizens and its landscape.

*Making Institutions Work*, by Geoffrey Vickers. Halsted Press, New York, 1974. 181p. Index. \$13.50.

An examination of today's "institutional explosion:" why institutions of government, business, and labor get bigger and bigger; and, the book asks, "Will the efforts to solve the problems of growth make things even worse?"

*Housing Development and Municipal Costs*, by George Sternlieb of the Center for Urban Policy Research, Rutgers University, New Brunswick, N.J. 500p. Bibliography, \$12.95.

Assumes that revenue sharing makes it imperative to predict the effects of growth pressures and housing development on municipal costs and revenues. An attempt to examine local fiscal problems; emphasizes impact of housing development on public education and other municipal expenditures.

*Where the Place Called Morning Lies*, by Frank Graham, Jr. The Viking Press, New York, 1974. \$6.95.

Having moved his family from New York's Manhattan to a small community on Maine's seacoast, Graham finds that there is "no place to hide" and that rampant development threatens the people of Maine and the forest and fisheries industries which are their means of livelihood. In the struggle "between those who would preserve the character of the natural world and those who would pave it over and dam it up and coat it with oil in the interest of their notion of economics," Mr. Graham hopes we'll hit on "some wise principle of co-existence between

man and nature, even if it has to be a modified kind of man and a modified kind of nature," as was suggested by noted British ecologist Charles Elton. Graham is an eloquent pleader for a "diversity of life and land." He notes that "Whether we live in the ghetto, entombed in filth, blare, and crime, or in some leafy exurban countryside, we share a preoccupation with the quality of our lives," and he asks, "Can we seize the choices that are open to us? Are we equipped to make the right decisions?"

*Urban Planning in the 1960s: A Design for Irrelevancy*, by Marshall Kaplan. The MIT Press, Cambridge, Mass., 1974. 128p. \$2.95 paperback.

A professional planner observes the planning profession critically and finds it wanting. At best, he says, the impact of the planning profession on the quality of urban life has been marginal and, at times, negative. He would like to see planners become "weary of cultural definitions that... rationalize the inadequacies of city life today." Only then, he believes, will planners be able to contribute to a "much-needed national reappraisal" of the role of professional planners in future efforts to solve urban problems.

*Urban Economic Development: Suburbanization, Minority Opportunity, and the Condition of the Central City*, by Bennett Harrison. The Urban Institute, Washington, D.C., 1974. 200p. Index. Bibliography. \$4.50 paper; \$10 cloth.

Bennett Harrison's thesis is that the central city is not destined to stagnation but, contrary to the conclusions of many observers, is viable and can be restored to full vitality. Ills that are specific to the city, such as the breakdown in the services it provides, stem largely from the failure of public policy to adjust to evolutionary changes the city is undergoing. This failure, Harrison contends, constitutes the greatest present threat to the viability of cities. On the basis of his survey of current research, Harrison challenges the conventional view that the migration of industry and jobs to the suburbs has drained the central city economy and doomed its poor to ghettos and joblessness. He sees evidence that the long-term balance between the working population of the city and the availability of jobs for all levels of skill is relatively steady. Combining this with other evidence, Harrison holds that the city can be saved if public attention is turned to the revamping of urban government, the full development of the city's buildable space (such as utilizing "air-space"), and the possibility of public ownership and allocation of central city land.

# forum one

## Decent Housing in Town

By Oakley Hunter

The Federal National Mortgage Association shares the Nation's concern over current conditions in our inner cities. Without question, progress has been made in recent years, but has the pace been fast enough? Has the movement been in the right direction?

To indicate its concern as a corporate citizen, the Federal National Mortgage Association sponsored Forum One to discuss and analyze inner-city housing and its related environmental aspects—the new dimensions in residential markets.

The scheduling of FNMA Forum One, the Fall of '73, was timely for a number of reasons. There is much discussion today of the possibility of Federal subsidized housing programs being phased out in favor of new ways of funneling Federal assistance to those families who need it and qualify for it. It has been proposed

that housing allowances be substituted in the main for federally subsidized development of new housing or rehabilitation of existing housing. If present programs are terminated, it will mark the end of an era. In any event, it appears highly probable that present programs will be modified both in magnitude and scope and that housing allowances and special revenue sharing or block grants for State and local governments will be used to help low income people obtain better housing.

The focal point of Forum One was inner-city housing for families with incomes *too large* to be eligible for housing subsidies, but *below* what is necessary to be able to afford new or rehabilitated housing suitable for occupancy. Nationally, this segment of the housing market would include households with annual incomes between \$7,000 and \$12,000, depending on the family composition or size. These families are not being reached today. New or adequately rehabilitated housing is beyond the reach of approximately 50 percent of inner-city residents.

Indigent and low-income housing did not come within the scope of the Forum One discussion. Some form of direct subsidy is required for these families if they are to be able to afford decent housing. The primary objective of Forum One was to find ways to broaden the opportunities for inner-city residents to gain access to decent, safe, sanitary housing—whether for rent or purchase—without the necessity of direct government assistance.

It is the belief of the Federal National Mortgage Association that private enterprise, permitted reasonable flexibility in design and property standards, and afforded the

cooperation of local government in such matters as property tax policy and assumption of a reasonable share of responsibility for street and utility improvements, can and will make substantial investment in improving inner-city housing conditions.

### Central Cities Bill

One of the major developments of Forum One—and the one that has received the most press and general attention from the public and the industry—is the proposal known as the “central cities bill.”

An outline of the proposal, which is a far-reaching new concept for diverting private investment capital into the Nation's central cities, was outlined recently by Forum One Director Albert M. Cole.

While FNMA is pleased that Forum One has helped to stimulate a new interest in inner-city housing, it should be made clear that FNMA has not endorsed the proposed legislation. The draft proposal needs a great deal of study by the industry and others before it is ready for legislative consideration. Essentially, it calls for a new Federal corporation, operating without federally appropriated funds, and known as the Central Cities Corporation, which would designate certain sections in major metropolitan areas as “Central Cities Projects.” This would be done only with the certification of the city involved.

The Corporation would be strongly consumer-oriented, and its function would be to facilitate the financing for, and protect the consumer interest in, private development in Central Cities Project areas.

Local governments such as cities and counties would issue tax-exempt bonds which would be traded to banks, savings and loan associations and other financial institutions such as mortgage bankers, in exchange for mortgages. The Central Cities Corporation would monitor these transactions to assure that the conditions of the exchange are fair to not only the local government and the finan-



cial institutions, but the public as well.

These tax-exempt bonds would then be sold to the general public not only through traditional market mechanisms but also by the financial institutions on an over-the-counter

provide a continuing means of transferring the moneys represented by older, low-yield mortgages into current funds for lending in the projects in the inner-city. In one sense, it is a subtle "variable rate," and could have the effect not only of providing a large volume of housing funds, but also eliminate factors tending to require high rates on home loans generally.

There are two other important features of the proposal under consideration:



basis, in denominations no smaller than \$1,000. The proceeds from the sale of the bonds would have to be invested in the Central Cities Project area—either in housing or commercial or industrial developments. The sale of tax-exempt bonds to the public on an over-the-counter basis is a major departure from the present method of marketing these securities, which would be exempt from registration by the Securities and Exchange Commission.

This system, it is hoped, would utilize the negotiated margin between tax-exempt and mortgage rates to

● One would provide for financial institutions to purchase the individual houses of elderly people, many of them living in insecure neighborhood surroundings. These persons would be enabled to buy or rent in safe, secure housing in Central Cities Project areas.

● The other provision would develop a new type of protection for the property rights of an inner-city consumer who elected to enter into an on-going credit relationship with the lending institution which loaned him the money for his house.

Under this program, the consumer

could go to the lender and borrow money for an automobile or household appliance or other consumer goods and have the balance added to the home loan. The lending institution would be required to carry on a family financial planning program with the family and would be obligated not to allow the homeowner to over-obligate himself. Other lenders could also loan to the affected family, but would be unable to place any liens on the homeowner's property to enforce their demands for payment.

In summary, there are basically five purposes of the proposed Central Cities Corporation:

- To encourage private investment in residential, commercial, industrial development in central city areas.

- To make available public and private resources that are reasonably expected to assist in preventing, arresting or reversing the decline of such areas.

- To provide people living in the central cities an opportunity for home ownership.

- To assist the elderly in achieving an environment of security and comfort.

- To develop a new concept of consumer-lender financial relationships in inner-city areas.

What we have presented here is only one major idea that grew out of Forum One. We believe that at the very least the ideas stemming from Forum One—including the above proposal—are worthy of serious public discussion. They address themselves to a problem which must be faced. And it cannot be faced by the government alone—it must be faced by the Nation's financial institutions and by the general public. ©

*Mr. Hunter is chairman of the board and president of the Federal National Mortgage Association.*

*Editor's Note: Copies of the report on Forum One are available through the office of Corporate Relations, FNMA, 1133 15th Street, NW, Washington, DC 20005.*

# Purchaser Should Read This Document Before Signing Anything

By Ann Lawhead

Time and again, the well-oiled pitch of many a land dealer convinces someone that the wisest thing he can do is invest his life savings or every extra penny he'll earn for the next 10 years in a piece of overpriced land of questionable title, before some more "sagacious soul" beats him to it. While the land he buys may not always be under 6 feet of water teeming with crocodiles, any resemblance between the salesman's description and reality may be pretty remote. Not only are the sales pitches so enticing, but, like in the old Brooklyn Bridge story, the man on the street often proves amazingly willing and almost anxious to believe that his lucky day has arrived. Unknowledgeable, uninformed and oblivious to the risks he may be taking, and subconsciously still believing in the American overnight success story à la Hollywood, he is fairly easily convinced that the salesman is offering him the investment opportunity of a lifetime or that a shortcut to that home and lifestyle he's always dreamed of is suddenly within his grasp.

In many cases, the lot sale is made hundreds of miles from the actual subdivision location, producing later comments like, "But Ms. Donaldson, that lot is in the middle of no place! It's so far away from anything that I wouldn't even want to be buried there." That was the anguished cry of a former Washington, D.C., businesswoman who had finally viewed the Florida property for which she had been paying for over 8 years. In another land sales complaint, a man protested that he had paid \$8,400 for

a lot and much later discovered that it was not big enough to build a house on under the local zoning laws.

## Protective Legislation Enacted

Situations like these, particularly those where unwary elderly citizens were the victims, prompted Congress to enact the Interstate Land Sales Full Disclosure Act which became effective on April 28, 1969, and is implemented by the Office of Interstate Land Sales Registration (OILSR) in HUD. OILSR is now 5 years old and is intensifying its efforts to effectively use Federal disclosure requirements to protect the American consumer from sometimes unscrupulous practices of certain land developers.

Basic premise of the Interstate Land Sale Full Disclosure Act is that a purchaser who has access to the pertinent facts in a situation is less susceptible to fraud. Thus, in order to protect the public, the Act was

designed to require developers (or their agents) who directly or indirectly make use of any means or instruments of transportation or communication in interstate commerce, or of the mails, to register their land offerings with HUD (OILSR) and to furnish each prospective buyer with a Property Report meeting stated requirements. Generally, anyone who sells 50 or more lots is subject to the jurisdiction of the Act. It is difficult, if not altogether impossible, for any developer offering that many lots to be in a position whereby his operation would not be operating "interstate," as defined by the Act. Any use of the telephone, mails or of newspapers would establish potential jurisdiction. There are certain other specific provisions under which a land offering might be exempt; however, any developer who thinks he may qualify for exemption would be well-advised to read the OILSR regulations very carefully and perhaps obtain legal counsel before proceeding to sell lots.

Cumulatively, OILSR has received over 6,600 initial and consolidated registration statements, representing in the neighborhood of 3,400 subdivisions, and approximately 1,850 official requests for exemption determinations, including questions involving jurisdiction under the Act as well as requests for Exemption Orders, which relieve a developer of the normal registration and disclosure requirements of the Act, based upon the small amount or limited character of the land offering.

New and considerably more stringent Rules and Regulations became



effective on December 1, 1973. The information and documentation which a developer now must submit with his Statement of Record and Property Report in order to register with OILSR and sell land cover more ground more definitively than before; exemption qualification requirements have been clarified; and detailed and specific advertising standards prescribed—all in an effort to improve and ensure OILSR's effectiveness in its *consumer protection* role.

#### New Advertising Standards Set

The new advertising standards were the direct result of information gleaned in OILSR's public awareness campaign waged two summers ago. Complaints and comments heard in many cities indicated that consumers were being confused by developers whose sales pitches and advertising materials contained substantially different information and representations than the facts as disclosed in HUD Property Reports. Advertising misrepresentations inevitably come to OILSR's attention, often through some of the 18,000 or so complaints received each year. Differences between the advertising representations and those representations made in the Property Report are pointed out to the developer, and he is warned that his sales will be suspended unless he immediately amends his OILSR registration, with documentation, to disclose the true state of facts as represented in his advertising. The developer, then, in order to continue selling, must remove the conflict between his advertising and his affirmed representations of fact either by producing evidence that the advertising

representations are accurate and amending his filing or by agreeing to discontinue the offending advertising. Failure to do either could subject the developer to suit for fraud.

#### Good Planning Valued

There have been many complaints that the more strenuous registration requirements of the new regulations

will keep smaller developers out of the land development business on the theory that they won't be able to afford the expensive subdivision planning and preparation necessary so that a subdivision offering can be effectively registered with OILSR. OILSR's contention is that it is precisely the lack of planning and preparation, financial and otherwise, which



BE WELL  
INFORMED WHEN  
SHOPPING FOR LAND

SALES  
PROMOTIONS  
OFTEN ARE  
CONDUCTED  
IN A HIGH PRESSURE  
ATMOSPHERE



jeopardizes the interests of purchasers, and, furthermore, that it is not the size of a developer which precludes good planning.

The most bitter of the complaints about the new regulations have centered about the new requirement for submission of audited and certified financial statements by developers selling 300 or more lots or an aggregate number of lots priced at \$500,000 or more. OILSR points out that the requirement is authorized by statute and defends it with the agency's observation that developer bankruptcies are increasing due to undercapitalization and a lack of rational financial planning. The effects of bankruptcy on purchasers can be devastating, particularly where the developer retains title to the land until the contract is paid in full or where the primary inducement to buy is promised, but uncompleted, recreational facilities. Examination of certified financial statements puts OILSR in a better position to warn prospective purchasers of such potentialities.

Besides the new disclosure requirements in the regulations, OILSR found it appropriate to make certain technical requirements in order to help capture the lot shopper's atten-

tion and impress him with the importance of the disclosure document. In addition to specifying easily readable type and paper sizes and colors, the first page of the Property Report must be overprinted with the warning in attention getting red, "PURCHASER SHOULD READ THIS DOCUMENT BEFORE SIGNING ANYTHING."

#### Tools Available for Enforcement

The main tools available to OILSR for enforcement of the Act include:

**"OILSR has repeatedly urged that all of the States individually enact effective substantive land development and subdivision control legislation and responsibly implement it."**

the rights of a lot purchaser to rescind his contract (under certain circumstances) or to maintain a civil action against the seller; the injunctive and criminal provisions in the statute; and, an administrative action to suspend developers' registrations, thus suspending their right to sell

lots. Undoubtedly, enforcement precedents already set serve to "encourage" compliance. OILSR has shown no reluctance to employ any of the means at its disposal to exact compliance. The developer who is aware of the very real and unwavering threat of administrative action, suspension, or criminal proceedings, not to mention the attendant negative publicity, quickly recognizes the wisdom and the economic advantages of toeing the line.

Injunctive powers have been used increasingly to compel compliance with the law. Eight indictments have been returned, and five injunctions have been issued in U.S. District Courts. During last fiscal year, OILSR issued approximately 100 Notices of Proceedings advising developers that the agency was preparing to use its suspension authority because there were reasonable grounds to believe that the effective Statements of Record contained omissions of material facts, misrepresentations, or misleading information. About 50 suspension orders were issued during the same period, one of them to a developer who failed to disclose that his subdivision was located on the edge of a bombing test range.

Through administrative settlement





proceedings, OILSR has obtained over \$750,000 in refunds, directly or indirectly, for customers of developers charged with misrepresentation and has assisted in obtaining an additional \$5 million in refunds for lots not registered at the time of sale, as required. With some predictable reluctance, developers have nonetheless proved willing to cooperate with OILSR's administrative settlement proceedings, which involve asking the developer to notify purchasers when they have the right to rescind contracts and offering refunds if the purchaser wishes to exercise that right. An alternative is for OILSR itself to notify purchasers of their rights; the agency has the power of subpoena and can compel submission of records. Purchasers can then pursue their legal remedies in the courts, if necessary, a more costly and time consuming proposition for all concerned, unfortunately.

#### Complaint Processing Expedited

Until June of this year, the OILSR staff was located entirely within the HUD Central Office in Washington. Only when specific problems presented themselves and information could not be obtained by any other means did any staff travel to the field. Now, developers can expect

much more personalized attention from OILSR via its new 30 member field review staff who report to Central OILSR but are stationed at various HUD field offices. There they are familiarizing themselves with the areas where they are assigned and with prevalent environmental, regulatory and legal characteristics affecting the land and land sales transactions so that they can determine the adequacy of disclosure in property reports, detect unregistered subdivi-

**"The States would appear much better suited than the Federal Government to provide this more controlling type of regulation, if only because of size and geographical considerations."**

sions, acquaint unregistered developers with the requirements of the Act and be in a position to provide practical advice to OILSR in its pursuit of more effective consumer protection strategies. Consumer complaints will not be handled by the field review staff, but will continue

to be directed to the Central Office OILSR staff as has been the practice in the past.

Another new OILSR development is a computerized information system which will simplify home office to field review staff communications and be used for a myriad of other control, budget and statistical purposes. The system will have the capacity, among other things, of aiding in the measurement of promises against performance in the completion of utility systems and other amenities, including recreational facilities.

In strengthening its administration of the Act, OILSR has grown from a staff complement of 40 in 1972 to the present strength of 110, including the recently-hired field review personnel. There have been but few changes in the original statute, but a number of proposals for amendments have been made, including several in the Housing and Community Development Act recently passed by Congress. As with any other new public agency with comparable sanctions, there has been some policy pioneering but little litigation of the many jurisdictional and enforcement issues with which the agency wrestles. OILSR has confidence, however, in the equity of the policy it has established and does not fear being tested.

THE PROMISED  
ATTRACTIONS...MAY  
NEVER MATERIALIZE.



#### Local Legislation Recommended

Plainly, the kind of protection offered by disclosure requirements is not a panacea for all the opportunities for fraud or obfuscation of facts on the part of developers or for misunderstanding by lot purchasers. Nor does the Act offer any meaningful environmental protection for the public through sound land use planning and control. Disclosure can warn land purchasers of the risks they may be taking and help prevent fraud, but it can do nothing more to curb land use abuses than point them out. For this reason, OILSR has repeatedly urged that all of the States individually enact effective substantive land development and subdivision control legislation and responsibly implement it. The States would appear much better suited than the Federal Government to provide this more con-

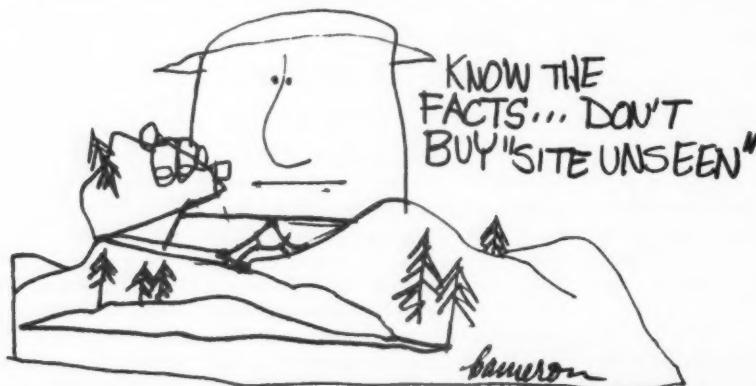
trolling type of regulation, if only because of size and geographical considerations.

In order to help stimulate more responsible State and local interest and to cooperate with the State authorities responsible for land sales regulation, OILSR established an information exchange program. On a monthly basis, an advisory sheet is sent to interested State agencies and officials briefly describing administrative and legal actions taken at both Federal and State levels; many of the States make a practice of notifying OILSR of their actions. Filings received by OILSR during the month are also listed, and any special issues or unusual problems which have turned up may be aired. The object is to keep all the jurisdictions abreast of legal or administrative actions involving land development or developers

which might be of mutual interest.

Problems are seldom isolated within one State, and many developers operate in more than one State, causing some of their activities to be of mutual concern. Complicating this cooperative venture are the facts that by no means all of the States have active land use or sales regulatory agencies and substantial legislative and policy differences exist among those who do. It is hoped that working together will result in more uniformity of substantive regulations, complemented by OILSR's disclosure requirements to bring about results which will both serve the public interest and provide protection for purchasers as intended by the Interstate Land Sales Full Disclosure Act.

*Ms. Lawhead is a program analyst in OILSR.*



---

## notebook

---

The Department of Housing and Urban Development's Property Disposition program set a 40-year monthly sales record in June. HUD's Office of Property Disposition is charged with the responsibility of disposing of all single and multifamily housing conveyed to the Department from mortgagees having foreclosed mortgages insured under its mortgage insurance program.

H. R. Crawford, HUD's Assistant Secretary for Housing Management, set a national program goal of reaching a "turnaround" by June 1974—that is, to sell more properties than were acquired. The 5,539 home properties sold in June represent the best sales month in the 40-year history of the insured mortgage program. In fiscal year 1974, which ended June 30, there were 50,288 sales, a record which was only surpassed in 1967. In fiscal year 1973, HUD sold 36,722 homes. The current sales represent a 27 percent increase over the previous year. Assistant Secretary Crawford's national sales goal was established at 48,000 sales. The 50,288 sales exceeded that goal by more than 2,000 sales. The early sale of acquired properties is necessary to ensure a satisfactory cash flow to the U.S. Treasury for credit to the mortgage insurance funds. Cash flow from home property sales operations for the last fiscal year was \$704 million.

HUD acquired 4,213 properties in June. Since sales outpaced acquisitions by 1,326 properties, it is anticipated that a continued downturn in the inventory is now inevitable, depending on the extent of new acquisitions, interest rates, and the availability of mortgage money. The inventory of acquired home properties reached 78,324 in May; at the end of June it was reduced to 76,988.

Another all-time sales record for the Property Disposition program was established during fiscal year 1974. This sales record pertains to the sale of multifamily projects owned by HUD. Nationwide, there were 87 multifamily sales, consisting of 8,649 units. The total sales price was \$66.2 million. These 87 sales surpassed HUD's previous record of 81 projects, also set in 1967.

The combined sales price of the approximately 60,000 single and multifamily units sold by HUD's Property Disposition program is \$770.5 million for the fiscal year ending June 30, 1974. In the 40-year history of the program, 566,743 home properties have been sold, and 101,731 multifamily units in 1,140 multifamily properties have been disposed of.

Assistant Secretary Crawford has established for fiscal year 1975 a national goal of 60,000 home property and

125 multifamily projects. A continuation of the sales momentum which has been achieved by the local area and insuring offices will certainly make this goal possible.

HUD's research program for combatting hazards of lead paint in housing gathered new momentum recently with announcement of three lead-related research contracts totaling \$854,099. Assistant Secretary Michael H. Moskow, whose Office of Policy Development and Research is funding the contracts, said \$660,375 went to the Boeing Aerospace Company of Seattle to manage HUD's hazard elimination program, a four-city experiment in which some 250 dwelling units will be de-leaded as part of an intensive effort to find the best, most cost-effective way of removing lead-based paint from existing housing. Princeton Gamma-Tech, Inc., of Princeton, N.J., and Columbia Scientific Industries Corporation of Austin, Texas, received respectively, awards of \$110,000 and \$83,724 for development of new scientific instruments or analysis systems capable of detecting and making precision measurement of the lead content of paint on any housing surface.

Mr. Moskow said the three contracts are part of HUD's larger lead-based paint research effort, directed not only at removing paint hazards from federally-owned or financed housing but also at helping States and localities make their own lead poisoning prevention programs more effective.

A 1970 Census Bureau tabulation of tenant and owner households by number of persons, 1969 household income, age of oldest member of household, race and housing conditions is available for the U.S., regions, States, standard metropolitan statistical areas (SMSAs), counties, and places of 25,000 inhabitants or more. Additional information and cost estimates for the unpublished data may be obtained from Richard Metcalf, Chief, Techniques and Training Branch, HPMC/FHA, HUD, Wash., D.C. 20410.

A report generated from HUD-supported research is available as a tool for local elected officials, their budget officers and their chief department heads to familiarize them with techniques for assessing the effectiveness of public services such as solid waste collection, recreational opportunities, library services, police protection and other public services. Requests for copies of the report should be directed to the International City Management Association, 1140 Connecticut Ave., N.W., Wash., D.C. 20036 or to the Urban Institute, 2100 M St., N.W., Wash., D.C. 20037.

# Gardening, Anyone?

By  
Sam Lucchese

Hard hit by rising food prices, public housing residents in Chicago this spring were offered land, seed, plants and gardening equipment as part of the Chicago Housing Authority's first annual flower and vegetable garden competition.

As a result, some 250,000 square feet of land in CHA developments currently are under cultivation with an estimated potential crop value of \$125,000.

More than 2,000 residents are cultivating 499 plots in 19 CHA management areas scattered throughout the city.

CHA Executive Director Harry J. Schneider said, "The success of last year's vegetable garden program encouraged us to develop a more comprehensive planting program this year including flowers as well as vegetables."

CHA offered free flower and vegetable plants and seeds; provided fencing and tools; plowed the land; and, along with a resident steering committee, organized gardening workshops.

Instrumental in the success of the workshops specifically and the garden competition as a whole is the program supervisor Beatrice Garrett, a consultant in the Authority's Community and Tenant Relations Division. Professional horticulturists who provide consultation and assistance to the program include Dr. William Whiteside and James Fizzell of the University of Illinois Cooperative Extension Service, Virginia Beatty of the Chicago Horticulture Society, and Charles Lewis of the Morton Arboretum.

Of the 499 land parcels, 301 are being developed for vegetables in part

to offset the high cost of food. An estimated 40 percent—\$115 a month—of the budget of a low-income family of four is used for food. If the family participates in the garden program, it can grow an estimated \$150 in crops on a 15' x 20' plot. That's 11 percent of its annual food bill or a cash value of five weeks of food. Thus, public housing residents not only have a stable housing expense with rents averaging \$50 a month for a family of four, but are able to offset food costs as well, if they choose.

Aside from the purely economic benefits of gardening are the social advantages that carry no price tags, according to Cabrini Green Homes resident Rita Lavern. "Gardening was instrumental in promoting a spirit of neighborly cooperation in Cabrini Green," says Ms. Lavern, who works for CHA and also lives in the near north side project—Chicago's second largest. "There has been a noticeable reduction in tension. Children, appreciating the value of gardens as community assets, have not harmed the plants." Ms. Lavern also praised the role of CHA in the program at Cabrini Green, which included distribution of 600 trays of flower seedlings (roughly 50,000 plants).

Interestingly, in a period of soaring food prices, 856 competition participants—42 percent—preferred planting flowers. The reason for so large a number of residents choosing flowers would appear to be deep-rooted. The Morton Arboretum's Lewis wrote in the April 1974 *Journal of Housing*: "The introduction of gardening into an existing people-building environment stimulates a change in people, who, in turn, im-

prove their physical surroundings . . . . A ghetto dweller, cut off from adequate means of self-expression and self-identification, finds that he can grow plants in front of his stone house for all to see, the flower symbolizing his uniqueness and individuality.

"Further, what starts as a representation of self, becomes a generous







1. Neighborly cooperation is essential ingredient in garden competition.
2. Rocky land is no deterrent to youngsters in CHA garden competition.
3. Taylor Homes youngsters plant flowers in automobile tire.
4. CHA personnel prepare plots for public housing residents.



2



3



4

gift, as others, often unknown, share in its pleasure. Plants are nonthreatening in a hostile world; they respond equally to all, without reference to age, race, social class. In an ambience of failure, they offer paths of conspicuous success." ©

*Mr. Lucchese is with the Chicago Housing Authority*

# A Second Generation of Condominium Statutes

By Stephen G. Johnakin

*Mr. Johnakin is a title attorney with the Lawyers Title Insurance Corporation, specializing in the legal aspects of condominiums.*



**EDITOR'S NOTE:** The following article is reprinted with the permission of Lawyers Title News. It is presented here in response to consumer interest in the legal aspects of condominiums—affecting developers, lenders, and unit purchasers.

Section 234 of the National Housing Act of 1961 authorized FHA insurance of mortgages on condominium units in any jurisdiction where condominiums enjoyed statutory recognition. At that time Puerto Rico was the only American jurisdiction with condominium legislation on the books. But the response to Section 234's implied invitation was overwhelming. By 1968 every State in the Union had adopted a condominium statute—often called a "Horizontal Property Act" in imitation of the Puerto Rican model.

The condominium concept has existed for centuries, and the special form of ownership it entails was recognized at common law. Hence, it was theoretically possible to create a condominium prior to the advent of condominium legislation. But the conveyancing problems were too complex to permit condominium development on a large scale, and very few condominiums were created in this country prior to the 1960's.

The condominium statutes enacted in the last decade greatly facilitated condominium development, however, and the popularity of this unique form of ownership has grown steadily. The condominium concept, despite its ancient heritage, has many advantages that make it ideally suited to the conditions of modern society.

Nevertheless, the first generation of condominium legislation was marred by many woeful deficiencies in the statutes, many of which were hastily enacted without any real effort to reckon with important legal problems. Most States copied Puerto Rico's statute or the statute of a neighboring State, and a variety of statutory ambiguities and incongruities were thereby spread from State to State.

The basic problem was the arbitrary and unreasonable limitation imposed by the statutes on the inherent flexibility of the condominium concept. The Puerto Rican statute envisioned single-structure, high-rise, residential condominiums. In the United States, however, the condominium idea seemed adaptable to

many other types of projects as well. Experience soon demonstrated the difficulty of adapting statutes drawn in contemplation of a high-rise prototype to some of these other types of projects.

Attorneys drafting condominium instruments have shown remarkable resourcefulness and creativity in their efforts to cope with these problems. But the need for statutory reform has nonetheless become clear. New legislation is needed to cope with a variety of problems that the framers of the first-generation statutes failed to envision.

In March of last year the Virginia General Assembly passed a law requiring the Virginia Real Estate Commission to appoint a seven-member committee to study the State Horizontal Property Act and recommend improvements. Members of the Study Committee included builder-developers and mortgage lenders as well as representatives of the public at large.

After months of intensive work, including public hearings throughout the State and a review of the condominium legislation in all the other American jurisdiction, the Study Committee produced a proposal for a new Condominium Act that differs dramatically from all its predecessors. The new Act is far more comprehensive in its scope and deals at length with types of condominiums—and with various condominium problems—that had been badly handled or completely ignored when the first generation of condominium statutes was enacted.

The Study Committee's report stated that it would be futile to merely revise the old Horizontal Property Act or to add to it selected portions of other State statutes: "We found that there were simply too many problems which none of our sister States had even attempted to resolve, and a few problems which had been treated elsewhere only in a preliminary, tentative, and altogether inadequate fashion. What is needed in Virginia, and in all the other States, is a second generation of condominium statutes that will handle these

problems more adequately. The Committee believes that the proposed Act, if adopted, will be used as a model and a pattern for new condominium legislation throughout the United States."

The Condominium Act proposed by the Study Committee was enthusiastically endorsed by builders, institutional lenders, attorneys, and consumer groups. Some of the Act's purchaser protection provisions were strengthened by the Virginia General Assembly, but no other substantive changes were made in the Study Committee's draft. The Act was adopted in March of this year and became effective July 1.

Undoubtedly, further refinements could be made in the new Virginia Act. But for the present, Virginia's Condominium Act is by far the most sophisticated condominium statute in the United States. It is the first statute to fully reckon with *all* of the problems inherent in progressively constructed condominiums. It is the first statute to make adequate provision for subdividing units and relocating boundaries between them. It is the first statute to allow maximum flexibility in the assignment and reassignment of limited common elements. It is the first statute in which the problems that can arise from partial takings by eminent domain are comprehensively treated. It is the first statute designed to cure some of the more important deficiencies that appear frequently in condominium documents drafted by inexperienced attorneys. And it goes further than any existing legislation toward assuring an adequate measure of purchaser protection.

In view of all these important advances over prior condominium legislation, it is likely—and certainly desirable—that Virginia's new Condominium Act will be the model as well as the forerunner of a second generation of more sophisticated condominium legislation throughout the United States.

It would be impossible to explain the details of Virginia's new Condominium Act in an article of this

length. Nevertheless, some of the highlights may be briefly noted:

● **The Nature of a Condominium Unit.** The new Virginia Condominium Act discards the term "apartment," with its residential connotations, in favor of the more neutral term, "unit." Most condominiums today have a residential character, but the future is likely to bring an increasing number of commercial, industrial, and office condominiums.

Most State statutes define a unit as consisting, at least in part, of an "enclosed space" and require a designation in the Declaration of each unit's horizontal (upper and lower) boundaries as well as the vertical (lateral or perimeter) boundaries. But there is no real necessity for a unit to have horizontal boundaries except in cases where units are stacked on top of one another. Consequently, the new Virginia Condominium Act dispenses with the requirement of horizontal boundaries except in such cases.

By the same token, there is no intrinsic reason why a unit must consist of an "enclosed space." If a developer wants to create a "campsite condominium," for example, by submitting a wooded tract to the condominium form of ownership and designating the campsite clearings therein as the units, there is no reason why he should not be permitted to do so. Virginia's new Condominium Act does permit such condominiums and also eliminates the usual requirement that a unit be part of a multi-unit building. Hence, a subdivision of single-family homes, for example, could be developed as a condominium if a portion of the land, such as a park or other recreational area, were reserved for common ownership. In such a "condominium subdivision," the individual lots would constitute the units.

In short, the Virginia Act abandons the restrictive language that would require every condominium to resemble some preconceived prototype.

● **Undivided Interests in the Common Elements.** Almost two-

thirds of the States require that interests in the common elements be apportioned among the unit owners on the basis of the relative "value" or "fair value" of the units. In no State is it intended that the values assigned for this purpose will control the sales price, and some statutes expressly negate any such inference. Nevertheless, developers hesitate to assign a dollar value to units in the absence of empirical evidence as to the sale value, and there is really no reason why they should not be allowed to evaluate the units on a *point* basis rather than a dollar basis if they would feel more comfortable doing so.

But neither is there any reason why value must be the basis of apportioning common element interest in every condominium. At least one State statute expressly permits the assignment of undivided interests in the common elements on the basis of *area* instead of value, and two other State statutes provide that each unit will be assigned an *equal* undivided interest in the common elements unless the Declaration provides otherwise.

Virginia's new Condominium Act expressly allows common element interests to be apportioned on any of three bases, *viz.*: par value (whether expressed in terms of dollars or points), size (whether computed in terms of cubic volume or surface area), and equality. Flexible definitions of "par value" and "size" are provided in the Act.

● **Voting Rights and Liability for Common Expenses.** Under the statutes of most jurisdictions, it is necessary to apportion voting power in the unit owners' association and liability for common expenses on the same basis as undivided interests in the common elements. It makes sense to tie voting power to liability for common expenses. Taxation without proportionate representation can be tyrannous, and unit owners with a majority of the voting power should not be able to authorize common expenses which would fall most heavily on a dissident minority. But there is no reason why the size of a unit

owner's undivided interest in the common elements should necessarily control or be controlled by these items. Whether undivided interests in the common elements are apportioned on the basis of par value, size, or equality, the draftsman of condominium instrumentation is free to select one of the other bases for allocating voting rights in the unit owners' association and liability for common expenses.

● **Limited Common Elements.** A limited common element is a portion of the common elements reserved for the use of one or more unit owners to the exclusion of the rest. Most condominium statutes provide for limited common elements, but implicitly or explicitly require that the Declaration state which limited common elements are assigned to which units. This requirement is unduly restrictive, and a good example of the practical problems it can cause arises in the case of parking spaces.

At the time he records the condominium instruments, the developer is seldom in a position to know which parking spaces should be assigned to which units. Some unit purchasers might prefer one parking space instead of two, if that will reduce the cost of their purchase. Others might be satisfied with no less than three parking spaces, or even more.

Under Virginia's new Condominium Act, all the developer has to specify in the Declaration is which common elements may subsequently be assigned as limited common elements. Amendments to the Declaration can later be made assigning particular parking spaces to particular units. And those parking spaces can be freely transferred among the unit owners, since the statute requires the unit owners' association to amend the Declaration to accomplish such transfers at the behest of the transferor and the transferee. (The consent of the other unit owners is not required for such amendments.)

● **Flexible Unit Boundaries.** Under other condominium statutes, unit boundaries cannot be altered by individual unit owners without complex

amendments to the condominium instruments requiring consent by a large majority of the unit owners. Virginia's new Condominium Act is far more flexible. If the Declaration permits it, the boundaries between units may be changed and larger units may be subdivided into two or more smaller units. As in the case of transferring limited common elements, these boundary changes and subdivisions require amendments to the condominium instruments, but once again the statute provides for such amendments at the behest of the parties directly involved, with no necessity for the other unit owners' consent or ratification unless specifically required by some provision of the Declaration or Bylaws. This flexible arrangement is especially useful in commercial, industrial, and office condominiums.

● **Progressive Construction.** Where the developer records the condominium instruments and begins conveying prior to completion of all the units, a plethora of legal problems could arise under existing condominium legislation, because it is possible that for one reason or another he might never complete all of the units. Suppose that he completed only 10 units in a project that was to have contained 100 units, and then went bankrupt. If the condominium instruments had assigned to each unit only a 1-percent interest in the common elements and a 1-percent liability for the common expenses, who would take up the burden of the other 90 percent of the common expenses? If the construction lender bought in a foreclosure sale, must he have no alternative but to complete and sell the other 90 units as originally planned?

The Condominium Act is designed to provide a sensible alternative through the medium of two concepts, "convertible lands" and the "contractable condominium."

A convertible land is simply a building site within which the developer intends to create units that are not in existence at the time of the recordation of the condominium in-

struments. In a townhouse project where 100 units are contemplated but only 10 have been completed at the time of recordation of the condominium instruments, the developer would designate one or more convertible lands within which the other 90 units are to be constructed. If the project is to consist of 10 separate buildings, each containing 10 townhouse units, the developer in the case supposed would probably designate nine separate convertible lands as building sites for the nine uncompleted buildings. (The dimensions of the lands would depend not only on the projected size of the buildings, but also on how much freedom the developer wanted to allow himself with respect to the exact location of each building.) In any event, the developer would apportion 100 percent of the undivided interests in the common elements to the 10 units already in existence at the time of the recordation of the condominium instruments, and those units would bear 100 percent of the liability for common expenses.

If the project proceeded normally, the developer would "convert" the convertible lands into units in accordance with the provisions of the Act. Undivided interests in the common elements would be appropriately reallocated upon the conversion of each convertible land by amendments to the Declaration. Liabilities for common expenses, rights to any common profits, and voting rights in the unit owners' association would also be appropriately readjusted.

But just in case the project did not proceed normally, and the developer failed for any reason to complete construction of all the units, the construction lender could have protected himself in advance against that eventuality by requiring the developer to have provided in the original instrumentation for "contraction" of the condominium, a subject discussed under the next heading.

● **Contractable Condominiums.** A contractable condominium is a condominium which may diminish in size by the withdrawal of a portion of the



submitted land from the condominium. The developer must describe the "withdrawable land" in the Declaration, and the Declaration must set a time limit (not exceeding seven years) within which the option to contract the condominium must be exercised if it is to be exercised at all.

"Contractability" provides an alternative for the construction lender who does not want to have to complete the condominium if he should have to foreclose his lien and then bid the developer's interest in at the foreclosure sale.

In our hypothetical 100-unit project, for example, the construction lender would probably require that about 90 percent of the land be designated as "withdrawable" land. If 10 units are completed and conveyed, the lender will of course give a partial release freeing each of those units, together with their undivided interests in the common elements, from the lien of the construction loan deed of trust. If the developer then defaults and the lender bids in at the foreclosure sale, he steps into the shoes of the developer. He may decide to proceed toward completion of the project as it had been originally planned. Indeed, that was the *only* practical alternative he had under prior legislation.

But if the condominium is contractable, he may decide instead to simply withdraw the withdrawable land and proceed no further with development. In most cases, that will probably be the wiser course; if the condominium had been shaping up as a successful project, the developer would probably not have defaulted. Perhaps the developer had miscalculated in his market analyses and wound up selling those first 10 units at prices much lower than he had hoped. If so, it should be possible to now withdraw the "withdrawable" land and develop it in some other way.

● **Expandable Condominiums.** In many ways, an expandable condominium is the exact opposite of a contractable condominium, as their names suggest. At present, only three other statutes make any express pro-

visions for expandable condominiums, and they have done so only in ambiguous and inadequate terms. Yet expandable condominiums have been created throughout the United States, despite express statutory sanction, because the "expandable" is such an eminently practical way of developing a condominium in situations where the developer is unable to predict at the outset how large the project may grow. If the units constructed on the land initially submitted sell very quickly at or above the prices originally projected by the developer, he may want to add additional land (and additional units) to the condominium.

The alternative would be to create a second condominium on that additional land. But one large condominium can produce economies of scale for the unit owners that two or more smaller condominiums would be unable to realize.

Consequently, the developer originally submits only a portion of the land that he hopes ultimately to develop, reserving an option to add one or more additional "phases" (as they are usually called), consisting of additional land and units, if all goes well. But the option is only an option. If demand for the units in the first phase is not as great as had been hoped, he need not add the additional phases.


The Act sets forth in detail the prerequisites for the creation of an expandable condominium. The developer must furnish a legal description of the lands that may be added to the condominium, just as he must furnish a legal description of the lands that may be withdrawn from a contractable condominium. And as in the case of a contractable condominium, he must set a time limit not exceeding seven years within which he may exercise his option to expand the condominium. In addition, the developer must specify just how he will develop any land added to the condominium, or at least warn prospective purchasers of the degree of flexibility he is retaining in that regard.

If the developer does expand the condominium, the act provides for the reallocation of common element interests among all the units just as in the case of the conversion of any convertible land. Similarly, liabilities for common expenses, rights to any common profits, and voting rights in the unit owners' association, will all be readjusted.

● **Purchaser Protection.** Virginia's new Condominium Act provides more protection for prospective unit purchasers than any other condominium statute in the United States. Striking a proper balance in this area is not an easy task. The ideal is to provide the maximum degree of purchaser protection consistent with *fostering*, rather than chilling, condominium development.

The Virginia Act requires full disclosure by the condominium developer. Condominium offerings must be registered with the state Real Estate Commission, and a "public offering statement" must be furnished to prospective purchasers. Definite limitations are placed on the length of the initial period of developer control in order to insure that the condominium will ultimately become a self-governing community. Agreements such as management contracts and leases of recreational properties expire as soon as the period of developer control expires unless the unit owners vote to ratify and renew them.

It was not the consumer advocates alone who supported these and other purchaser protection provisions in Virginia's new Condominium Act. A variant of Gresham's law has shown that bad condominiums can drive out the good, and responsible developers recognize that an adequate measure of purchaser protection is necessary to prevent abuses that would ultimately foster a negative image of condominiums in the eyes of the public.

The Act contains a variety of other innovations that cannot be treated in an article of this length. But we have seen some of the benefits afforded by Virginia's new Condominium Act to developers, lenders, and unit purchasers. 

# A Smorgasbord of Consumer Publications on Housing

a sampling  
from the Department  
of Housing and  
Urban Development  
and the  
Department of  
Agriculture

When you're buying a home...

*Wise Home Buying* (HUD-267-F) *Buying a Home? Don't Forget Those Closing Costs!* (HUD-342-F(5)) *Home Mortgage Insurance* (HUD-43-F(4)) and *HUD-FHA Program for Home Mortgage Insurance* (HUD-97-F(3)) explains the FHA-insured home mortgage program. *Questions and Answers on FHA Home Property Appraisals* (HUD-121-F(2)) *Selecting and Financing a Home* (GPO: HG-182 30 cents)

... or a mobile home

*Buying and Financing a Mobile Home* (HUD-243-F(3)) *Mobile Home Financing Through HUD* (HUD-265-F(2))

... or a condominium

*Questions About Condominiums—What to Ask Before You Buy?* (HUD-365-F)

Two technical guides may also prove helpful...

*Central Water and Sewerage Systems* (HUD 4075.12) counsels on how to assure continuous and reasonably priced water and sewerage service. Prospective homebuyers may find this manual useful in understanding and evaluating the ownership and organization of the water supply in their new community.

*The Construction Complaints Handbook* (HUD 4070.1) sets forth guidelines for handling construction complaints under FHA's home mortgage insurance program. If you've bought a new house with a FHA or VA loan and have occupied it for less than a year and you're dissatisfied with the workmanship, you might want to find out what HUD can and/or should be doing about it. Some defects in existing homes

purchased with FHA mortgage insurance (when covered by a warranty or when due to fraud) may also be covered.

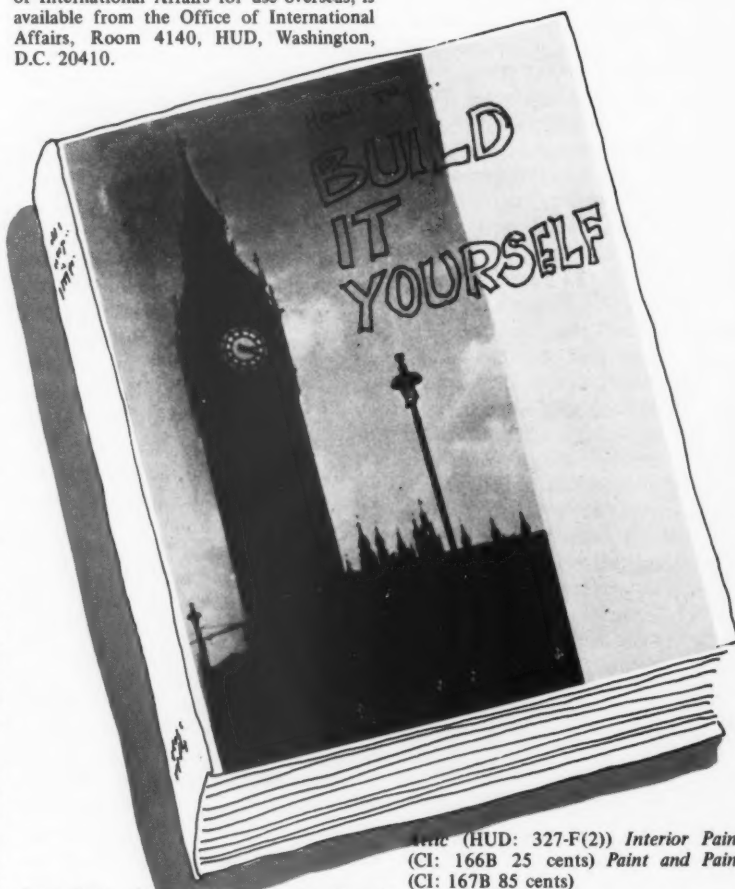
**Building your own...**

Few people have the time, talent or tenacity to take on the job of constructing a main residence, but many are interested in building a second home, a vacation cabin—or even a tree house. Even more hope to add a deck or a porch or a major addition to their homes. For the ambitious do-it-yourselfer, both HUD and the Department of Agriculture publish a number of manuals on home construction.

*Pole House Construction* (HUD 4075.3) a guide to building houses on treated-wood pole supports. *How to Build a House ... Using Self-Help Housing Techniques*. This guide, published by the HUD Office of International Affairs for use overseas, is available from the Office of International Affairs, Room 4140, HUD, Washington, D.C. 20410.

from insulation to interior finishing. A chapter on porches should interest some weekend builders. *Construction Guide for Exposed Wood Decks* (CI: 147B \$1.25) *Recreational Buildings and Facilities* (CI: 147B \$1.45) includes plans for vacation homes, greenhouses, etc.

*Wood-Frame House Construction* (CI: 159B \$2.60) explains and illustrates basic building techniques. *Wood Siding, Installing, Finishing, Maintaining* (CI: 160B 25 cents) *Roofing Farm Buildings* (GPO: FB2170 35 cents) *Surface Bonding of Concrete Blocks—a technique for erecting block walls without mortar joints* (GPO: AIB 343 25 cents) *Selection and Use of Wood Products for Home and Farm Building* (GPO: AIB 311 80 cents) *Insulating Houses From Aircraft Noise* (HUD 4075.11) *Remodeling Your Basement and*



*Time* (HUD: 327-F(2)) *Interior Painting* (CI: 166B 25 cents) *Paint and Painting* (CI: 167B 85 cents)

*Low-Cost Wood Homes for Rural America—Construction Manual* (GPO: AH 364 \$1.45)—a detailed guide to building a home—from foundation to roof covering,

And to help you finance that addition ... two pamphlets on HUD's Title I Property Improvement Loan program:

*Fixing Up Your Home* (HUD-52-F(2)) One of HUD's Roles in Home Improvement (HUD-29-F(2)) *House Construction: How to Reduce Costs* (CI: 153B 25 cents)) may help you save money.



#### For designing minds...

*Designs for Low-Cost Wood Homes* (CI 149B 50 cents) contains floor plans and order forms for more detailed plans. *Planning Your Home Lighting* (GPO: HG 138 35 cents) discusses light placement, lighting fixtures, and proper wiring. *Planning Bathrooms for Today's Homes* (GPO: HG-99 35 cents) includes information on everything from floor layout to faucets. *Kitchen Planning* (HUD 4075.3) analyzes traffic flow and work patterns in an attempt to improve kitchen design. *Designing Kitchens for Safety* (HUD 371-PDR)

#### When you deal with a contractor...

You're buying a home in a new subdivision; you're hiring a builder to build a home to your specifications; you're looking for a contractor to put a dormer on your home. How can you be sure that the contractor you choose is one of the thousands of reputable builders—and not one of the unscrupulous ones? A HUD listing may help.

HUD compiles a Joint Consolidated List of Debarred, Suspended and Ineligible Contractors and Grantees (DSI, for short). The DSI lists builders who for some reason are disapproved for participation in FHA mortgage programs. A place on this list may mean a history of poor workmanship or shady practices. The nationwide registry

cross-lists building companies and their officers and is available from HUD Area and Insuring offices. If you are choosing a contractor, it might be a good idea to check to see if he's on this list. If HUD is steering clear of him, maybe you should, too.

#### For those who think modular...

HUD Handbook 4950.1 lists the names and addresses of companies which produce manufactured housing—either housing components or entire homes. The industrialized housing on this list has been found "technically suitable" for use in HUD's housing production programs. So if you're interested in buying a prefabricated house or a modular unit, you might begin your search with this listing.

#### For the uninitiated...

*Homeowner's Glossary of Building Terms* (HUD-369-F) defines everything from "acoustical tile" to "weep hole."

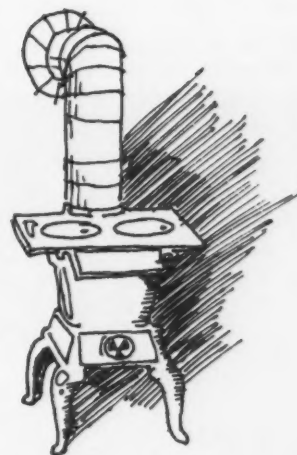
#### Now that you have a home...

*Protecting Your Housing Investment* (HUD-346-PA) suggests ways to keep your house in good repair, discussing plumbing, heating, electricity, gas, roofing, floors and such special problems as dampness and insulation. *HUD-FHA Program for Protecting Your Home Against Weather Damage* (HUD-343-F) *Protecting Your Home Against Theft* (HUD-315-F(2)) *Termites* (HUD-323-F(3)) *Watch Out for Lead Paint Poisoning* (HUD-375-F) *Simple Home Repairs* (CI: 173B 50 cents) guaranteed to make you an instant handyman (or woman) *Simple Plumbing Repairs* (CI: 174B 25 cents) *Tools and Their Uses* (CI: 272B \$1.95)

#### The hot and the cold of it...

*Be an Energy Miser in Your Home* (HUD-324-PA) outlines ways to save energy. *Heating and Air Conditioning* (Training Guide) (HUD 4075.14) This technical guide compares heating systems, analyzes ways to reduce heat loss and discusses cooling equipment. *Home Heating* (CI: 162B 40 cents) discusses the varieties and costs of home heating systems. *Seven Ways to Reduce Fuel Consumption in Household Heating* (CI: 143A 25 cents) *Minimum Design Standards for Heat Loss Calculations* (HUD 4940.6) *Equipment for Cooling Your Home* (GPO: HG 100 25 cents) includes information on fans, heat pumps, and air conditioners. *Seven Ways to Reduce Energy Consumption and Increase Comfort in Household Cooling* (CI: 144A 30 cents)

... and for the coldest winter evenings



*Fireplaces and Chimneys* (GPO: FB 1889 40 cents) *Firewood for Your Home* (CI 297B Free)

If you're thinking about buying that "side of a mountain" or that "acre of wooded land," you might want to consult three HUD publications which explain your rights under the Interstate Land Sales Full Disclosure Act.

*Buying Lots from Developers* (HUD-357-I) *Consumer Protection: Interstate Land Sales* (HUD-15-F(2)) *Get the Facts... Before Buying Land* (HUD-183-I(3))

#### If you encounter discrimination...

*Fair Housing U.S.A.* (HUD-63-EO) *HUD Equal Opportunity—What It Is, What It Does*. (HUD-61-EO) *Your Housing Rights* (HUD-EO-43)

#### When disaster strikes...

*HUD Disaster Aids* (HUD-109-HM(2)) *Questions and Answers on Temporary Housing* (HUD-EP-10(2)) *When You Return to a Storm Damaged Home* (HUD-148-HM(2))

#### KEY

HUD—Order from Room B-258, HUD Wash., D.C. 20410. Single copies are free. GPO—Order from Supt. of Documents, Government Printing Office, Washington, D.C. 20402.

CI—Order from Consumer Information, Public Documents Distribution Center, Pueblo, Colorado 81009

Compiled by Elizabeth Nelson  
HUD Program Information Center

The American family recently experienced a brief and relatively benign foretaste of major changes in lifestyle that will inevitably accompany a long term increase in energy costs. The recent gasoline



shortage, while it affected many winter sports participants, did not seriously modify most people's annual recreation cycle, nor is the increase in the price of automobile fuel expected to have an effect in the short run. In



the longer run, however, recreation patterns—among others—of American families will have to change. Whether this change is for the worse depends to some extent on the degree to which current patterns are ingrained



and somewhat more on the government's capacity to implement plans to improve the urban environment's recreation potential.

American family life has been markedly influenced since World War

II by the continued migration of rural poor to urban ghettos and by an accelerated exodus of middle class people from the larger central cities to the suburbs.

The growth of the middle class and its increasing wealth during this period have affected the Nation's recreation needs and preferences. The auto enabled young families to adjust reasonably well to infrequent recreational opportunities of low density residential areas by increasing their mobility. By way of illustration, in 1960, the Census reported the ownership of automobiles by households under the categories "none," "one,"

## of land, leisure & energy

By  
Lawrence Houston

and "two or more." In the 1970 Census, it became necessary to add the category, "three or more." Auto transportation became an essential ingredient in both public and private recreation. Despite the horrors of freeway commutation, "driving for pleasure" remains one of the most frequently reported recreation experiences, along with picnicing and a host of other activities, often requiring personal transportation. "Cruisin'" in search of recreation is a pastime in itself for some younger Americans.

### Federal Initiative

The Federal Government began in late 1972 to assemble a Nationwide Outdoor Recreation Plan. Among interdepartmental work groups organized to provide perspective to the Bureau of Outdoor Recreation in its central responsibility for meeting this statutory requirement was one dealing with urban issues. The product of

this group, *Urban Recreation*, contains a number of suggestions of importance to public planning today. Two findings deserve mention here:

*A substantial amount of the time and money invested in recreation today represents escape from inadequate environments—dwellings, neighborhoods and whole municipalities whose design and condition range from recreationally useless to downright inhuman. When we begin on a widespread basis to design and restore housing and communities with the primary objective of meeting human needs beyond shelter, we will in the process have met a substantial amount of the demand for recreation. Recreation planning, therefore, should not be viewed as a function apart from other planning systems—education, housing transportation, law enforcement—but as integral parts of such systems.*

*Accessibility is the major problem in urban recreation. In central cities the proportion of households without any private auto is more than twice that of suburban households. Differences in automobile ownership rates vary radically among municipalities and metropolitan areas, a factor that deserves far greater consideration in the location of recreation facilities. Categorical grant programs must include consideration of the availability of public transportation, the degree to which applicant communities afford housing opportunities to low and moderate income residents and the extent of car ownership.*

The differences in automobile ownership rates in the U.S. are an essential consideration in urban recreation planning. Among metropolitan areas, the highest proportion of households without any car, 45 percent, was New York; the lowest, 5 percent, was Anaheim-Santa Ana-Garden Grove, California. Within metropolitan areas the differences are equally marked.

Among neighborhoods within cities, differences in rates of nonownership are significantly greater. In the

# **Households Without an Automobile Central Cities Compared with Suburbs**

New York, N. Y.	60%
Plainview, N. Y.	.009%
Atlantic City, N. J.	51%
Balance of *SMSA	11%
Miami Beach, Fla.	47%
Carol City, Fla.	3%
Boston, Mass.	43%
Newton, Mass.	8%
Baltimore, Md.	38%
Howard County, Md.	5%
Chicago, Ill.	37%
Elmwood Park, Ill.	2%
Laredo, Texas	24%
Balance of *SMSA	9%

\*Standard Metropolitan  
Statistical Area (SMSA)

suburbs, where lifestyle is markedly influenced by personal mobility and the relative absence of public transportation systems, the 12.7 percent of households without any car is perhaps the most disadvantaged group of all. While hard figures are unavailable, transportation experts believe that bus service in the suburbs, geared almost entirely to employment needs, has deteriorated somewhat in recent years, especially in smaller metropolitan areas. On Saturdays and Sundays, for example, the times of the week most likely to find a heavier demand for recreation usage, service has all but dried up in many areas.

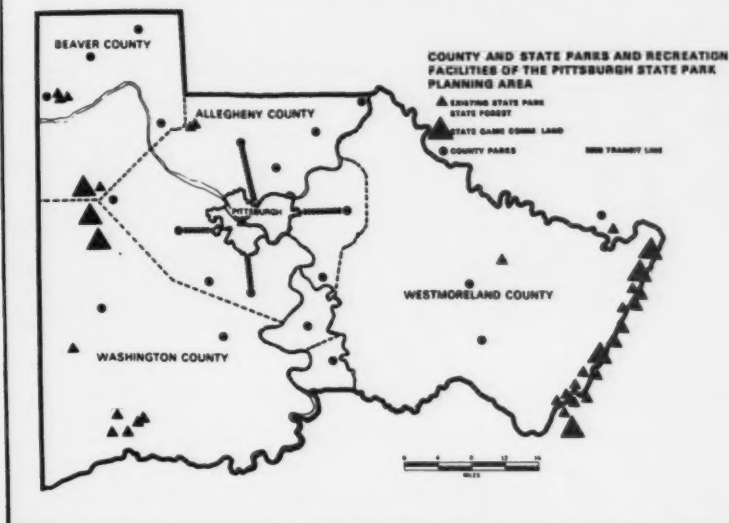
## **Regional Parks**

Although walk-to facilities are the most important ones to central city and suburban residents, regional parks with special activities and increased open space are also valuable assets. Seeking cheaper land, park planners are guided principally by low acquisition costs rather than accessibility factors in making site selections. As a result, regional facilities are increasingly located at the periphery of metropolitan areas or beyond. To a significant degree, regional parks are located in those portions of metropolitan areas where the population density is lowest, the income and car ownership rate the highest; and, availability of public transportation the poorest. The dependence of central city populations on public transportation severely constrains their





## CENTRAL CITY SURFACE TRANSIT SERVICING OUTDOOR RECREATION AREAS



ability to use regional recreational facilities. In a survey conducted this year by the National Recreation and Parks Association among State and local recreation agencies, only 13.2 percent of those providing "nonurban" facilities claimed that they were "easily accessible by scheduled public transportation from population centers."

Public investment in open space within suburban municipalities represents a special facet of the general problem. Exclusionary housing practices serve as an obvious impediment to the use of facilities which are frequently purchased or improved with State or Federal assistance. Even within suburbs, however, land which is dedicated for parks under laws which permit this as a means of overcoming zoning regulations is often located and designed so as to constitute a semi-private preserve for the families who have purchased residences in the developments for which the privilege was granted.

### Changing Land Use

The answer to the problem of recreation access is not to give a car to all those who don't have one, as was once seriously proposed during the

"war on poverty." The price of ownership is not the sole limiting factor on personal mobility, although the increasing social as well as personal cost of automotive transportation promises to become unbearable. The answer lies in the far more difficult task of replanning metropolitan areas so as to offer leisure, job and shopping opportunities within easier access to more people. The expense of such replanning is not the sole obstacle. Recreation constitutes an addiction that many policymakers tolerate in themselves, but cannot bear to accept in those who live in alien environments and whose resources permit them rare opportunities to escape. Moreover, public planning still assumes the inevitability if not the desirability of continued expansion of car ownership, even though the growth is fed by families which already own one or two cars. Nevertheless, long term and significant increases in the cost of personal transportation will make some forms of changes not only possible but inevitable. The question is not whether we are going to change our land use and transportation practices, but how soon.

Several recommendations and ob-



servations from *Urban Recreation* have special significance for the new energy-conscious era of recreation planning:

- Central cities have the highest concentration of persons who are without financial resources of their own for recreation, who are the least mobile, who face the highest costs of living and whose governments have the least financial resources and the least land available for recreational development and operations. The greatest need for State and Federal aid is here. Truly regional, as distinguished from suburban municipal,

facilities rate a second priority if they are linked to population concentration by public transportation.

- The Federal Government and the States should adopt as a policy objective the achievement of an equitable distribution of recreational opportunity and environmental quality for all Americans, regardless of place of residence, or degree of personal mobility.

- Through preferential funding, technical assistance and State plan requirements, the States and the Federal Government should increase the

accessibility of recreation facilities. Priority in project selection should be given to those with effective transportation resources.

- Federal and State policy should assure that no community will be unable to use Federal grants-in-aid for recreational purposes because of an inability to meet matching requirements.

- The Federal and State governments should encourage experimentation with stronger and more effective governmental mechanisms at the regional level for meeting recreation as well as housing and transportation needs which are metropolitan in nature.

Time is not on the side of procrastination. The Washington Metropolitan Council of Governments points out that—

*The lead time necessary for major public actions to have a marked effect on development patterns is almost two decades. . .*

Oregon's energy czar, Joel Schatz, states that most commercial enterprises receive an "energy subsidy" from society that does not reflect the environmental and economic impact of such energy uses. He insists, however, that we can no longer "live beyond our energy budget" and predicts severe economic dislocations, perhaps as early as next year. He adds that the longer it takes America to change its pattern of energy-costly lifestyles, the more costly the inevitable adjustment will be. Many present recreation practices will be an early casualty of that adjustment. Conceivably, a recreation system which is significantly less dependent upon private transportation will produce greater satisfaction for most Americans than the present one. Whether public planning is up to that task, however, remains in doubt. ☉

*Mr. Houston is Acting Director of the Office of Planning and Management in the HUD Office of Community Planning and Development.*



# Vocational Training Students Rehabilitate Houses

Houses that became HUD property when former residents failed as homeowners are providing on-the-job training in rehabilitation for building trades classes of the Zion-Benton High School in Zion, Ill.

By agreement between the HUD Chicago Area Office and the Zion School District, two houses are being rehabilitated by the Zion students under supervision of the vocational training department. When rehabilitation is completed, the houses will be sold and HUD will be paid for them from proceeds of the sale.

## First Project Near Completion

The students began rehabilitating the first home last December, tearing out and replacing old windows and installing a picture window in the dining room and a bay window in the living room. Working under the immediate direction of a professional tradesman and their instructor, John Morgan—himself a journeyman carpenter—they removed the furnace and installed a new one. They are installing exterior siding and panelling the basement as well.

Nearby residents are happy with the project because it will eliminate the vacant houses and their deleterious effects on the neighborhood.

## Several Areas of Instruction Involved

The experiment, believed to be rare in the country, will benefit not only the building trades classes. When rehabilitation is completed, Dr. Roger

Another load of materials is brought into house being rehabilitated under watchful eyes of teachers and representatives of the local building trades unions.





C. Claar, the school district's vocational director, said that accounting classes will determine remodeling costs and establish the sale price. Home economics students will design and decorate the interiors, the biology class will do the landscaping, and students in the salesmanship classes will conduct the sales—all classes working under the direct supervision of their instructors. According to Dr. Claar the trade unions have been very helpful with this program. He hopes they will consider the students' work as a part of their apprenticeship when they enter the trades.

Prospects for wider acceptance of the concept are very good, according to Dr. Claar. State officials who oversee vocational instruction in all the school districts have indicated great interest and are planning to confer with the Chicago office on possible extension of the experiment to other schools where HUD-owned properties are available for rehabilitation.

—Edward Bush  
Chicago Area Office



ABOVE—Students even tested the soil while planning the landscaping to be put in around the newly refurbished home to make it attractive to prospective homebuyers.

OPPOSITE—The new bay window and exterior siding are evident in this rejuvenated house. Students discuss next step in their on-the-job instruction.

# lines&numbers

## Trends in the Savings and Loan Industry

Federally insured savings and loan associations representing over four thousand of the 5,244 savings and loan associations in the United States reported a sharp drop in new savings during June 1974. The flow of savings into thrift institutions is the prime source of funds for conventional home mortgage loans. The \$40 million of net new savings received in June was only 4 percent of the June 1973 volume of \$890 million and 10 percent of the \$420 million total in May. Net new savings received equal new savings, exclusive of interest/dividends credited, less withdrawals. This trend reflects the current state of the economy and interest rates in particular.

Effective interest rates, which include the contract interest rate plus fees and charges for the purchase of new one family homes financed through S&L's, rose to 8.83 percent in June, about 13 percent higher than in June 1973. The June 1974 rate for the purchase of previously occupied homes reached 8.92 percent for a rise of nearly 14 percent over the previous June.

The predictable results of poor savings experience were cutbacks by the associations in current mortgage lending and in commitments for future lending. The \$4.2 billion in mortgage loans closed in June 1974 was 26 percent lower than the previous June and 13 percent below May. Mortgage loan commitments outstanding totaled \$11.7 billion in June, down better than 20 percent from June 1973.

Part of the drying up of deposits to savings institutions is due to the move by investors to notes bearing floating interest rates based on the rates of the 90-day Treasury bills. Investors in such notes would earn interest that varies with the yield of volatile short-term debt rather than a fixed return on savings.

	Net New Savings Received by Insured S&L Associations (Dollars in Millions)		1974 As A Percent Of 1973
	1973	1974	
April	\$724	-\$340	...
May	1,763	420	23.8
June	890	40	4.5

	Effective Interest Rates—National Averages for S&L Associations (Percent)		% Increase 1973 to 1974
	1973	1974	
<b>Purchase of New Homes</b>			
April	7.71	8.63	11.9
May	7.72	8.67	12.3
June	7.81	8.83	13.1
<b>Purchase of Previously-Occupied Homes</b>			
April	7.73	8.67	12.1
May	7.80	8.72	11.8
June	7.84	8.92	13.8

	Mortgage Loan Commitments by S&L Associations (Dollars in Millions)		% Decrease 1973 to 1974
	1973	1974	
April	14,939	12,933	13.4
May	15,068	12,493	17.1
June	14,705	11,708	20.4

	Mortgage Loans Closed by Insured S&L Associations (Dollars in Millions)		% Decrease 1973 to 1974
	1973	1974	
April	4,856	4,378	9.8
May	5,331	4,795	10.1
June	5,585	4,155	25.6

Source: Federal Home Loan Bank Board

**UNITED STATES  
GOVERNMENT PRINTING OFFICE**  
PUBLIC DOCUMENTS DEPARTMENT  
WASHINGTON, D.C. 20402

Official Business  
Penalty for Private Use, \$300



CHA SERIA3005 R 1  
SERIALS DEPARTMENT  
XEROX UNIVERSITY MICROFILMS  
300 N ZEEB RD  
ANN ARBOR MI 48106

POSTAGE AND FEES PAID  
DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT  
HUD-401



# HUD Challenge

U.S. Department of Housing and Urban Development/Washington, D.C. 20410

## IF YOU ARE...

A public official, builder, developer, lender, architect, planner, or otherwise concerned about housing and the cities... You should subscribe **NOW** to the enlarged **HUD CHALLENGE** magazine—the official publication of the Department of Housing and Urban Development. Pass a subscription form along to an associate if you have already subscribed for 1974.

This 36-page monthly illustrated magazine features HUD program information, projects, policies new directions; achievements by government, private industry, and volunteers; ideas and innovations in the field, interviews and articles from urban experts.

Please send the coupon directly to GPO.

HUD-312-33-PA

☆ U.S. GOVERNMENT PRINTING OFFICE: 1974-983-748/3

## ORDER FORM

To: Superintendent of Documents  
Government Printing Office  
Washington, D.C. 20402

Enclosed find \$\_\_\_\_\_ (check, money order, or Documents coupons). Please enter my subscription to **HUD Challenge** (issued monthly) for one year (\$10.85 a year domestic; \$13.60 if mailed to a foreign address).

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City and State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Account No. \_\_\_\_\_

FOR USE OF GPO, DCCL	



